

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON ENERGY AND TELECOMMUNICATIONS

Call to Order: By **CHAIRMAN MACK COLE**, on March 15, 2001 at 3:15 P.M., in Room 335 Capitol.

ROLL CALL

Members Present:

Sen. Mack Cole, Chairman (R)
Sen. Royal Johnson, Vice Chairman (R)
Sen. Steve Doherty (D)
Sen. Alvin Ellis Jr. (R)
Sen. Bea McCarthy (D)
Sen. Walter McNutt (R)
Sen. Don Ryan (D)
Sen. Corey Stapleton (R)
Sen. Mike Taylor (R)
Sen. Tom Zook (R)

Members Excused: Sen. Mike Halligan (D)

Members Absent: None.

Staff Present: Todd Everts, Legislative Branch
Misti Pilster, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: SJ 15; HB 167

EXECUTIVE ACTION ON SJ 15

Motion: SENATOR MIKE TAYLOR moved that SJ 15 DO PASS.

Discussion:

SENATOR ALVIN ELLIS had spoken with some of the proponents and was given some income tax comparisons. Those proponents had planned to get together with the sponsor to draft amendments.

SENATOR TAYLOR withdrew his motion and wanted to delay taking action on the bill until the sponsor was present.

SENATOR ELLIS noted that the proponents were going to include the income tax issue in the amendments, but constrict the focus of the resolution.

SENATOR ROYAL JOHNSON had suggested that the resolution be sent to the Transition Advisory Council (TAC).

SENATOR TAYLOR agreed with **SENATOR JOHNSON**, but still wished for the sponsor to be present to address the issue.

SENATOR MACK COLE had informed the sponsor that the committee would be taking action on the resolution.

Motion/Vote: **SENATOR COREY STAPLETON** moved that **SJ 15 BE TABLED**.
Motion carried 7-3 with Ellis, Ryan, and Taylor voting no.
SENATOR MIKE HALLIGAN was excused.

EXECUTIVE ACTION ON HB 167

Motion: **SENATOR STEVE DOHERTY** moved that **HB 167 BE INDEFINITELY POSTPONED**.

Discussion:

SENATOR WALT MCNUTT didn't agree with the motion. The Universal Systems Benefits Charge (USBC) program has played a huge role in eastern Montana for a long time. His problem with the bill was that entities pay the USBC, but there is no way in the plan to access fees for mitigating their energy expenses.

SENATOR JOHNSON wanted to know why people in eastern Montana couldn't access the program because it allows for access by anyone if they are in the entire program. **SENATOR MCNUTT** explained that when they formulated the management of the program, the people cannot access the funds. **SENATOR JOHNSON** asked who makes the decisions as to where the funds are used by Montana Dakota Utilities (MDU). **SENATOR MCNUTT** knew that MDU didn't manage the plan and wasn't sure who did. **SENATOR JOHNSON** believed that to be incorrect and felt it was one of the problems.

SENATOR TOM ZOOK noted that the USBC is an added cost to customers. **SENATOR JOHNSON** stated that it is an added cost designed to help other people who can't help themselves. **SENATOR**

ZOOK doubted that hospitals and schools would receive much help from the program.

SENATOR COLE wondered how people that are exempt might receive benefits. **Bob Anderson, Public Service Commission (PSC)**, explained that each utility writes their own plan for how the money should be spent and who the beneficiary should be. There is due process and an opportunity for comment before the PSC approves or modifies the plan.

SENATOR DON RYAN referred to page 2, line 9, and wondered what the steps would be taken to allow the entities to have access to the funds being charged, rather than being exempted. **Mr. Anderson** declared that any of the entities could approach their utility and ask them to fund the program of their choice. The utility can say yes or no and when they file their plan, the entities can comment on that decision. **SENATOR RYAN** wondered what the timing was for filing plans. **Mr. Anderson** believed it was an annual process.

SENATOR DOHERTY asked when MDU filed their first plan. **Mr. Anderson** couldn't remember the exact date, but thought it was in 1999.

SENATOR BEA MCCARTHY inquired whether the utilities were subject to a yearly review. **Mr. Anderson** recollected that there was an annual process on a regular rotation. **SENATOR MCCARTHY** pressed whether the PSC could make suggestions for changes in plans during annual reviews. **Mr. Anderson** purported that plans are proposed, the PSC informs the public for comment, a hearing is requested, anyone in the utility service territory can make comments, those comments are reviewed, and the plan is accepted, rejected, or modified.

SENATOR ELLIS thought MDU's plan was enlightening in the current energy environment.

SENATOR ZOOK felt that the legislation was aimed at helping low income people.

SENATOR TAYLOR questioned whether conservation was an important part of the process. **SENATOR DOHERTY** cited it was extremely important. The part of USBC that goes to low income energy assistance is a good thing. Most of the complaints he'd heard came from eastern Montana. Montana Power Company (MPC) has been an extremely responsible corporate citizen. If MDU would work with schools or other entities on energy audits, those customers would be able to see the benefits.

SENATOR MCNUTT noted that hospitals and commercial buildings would be eligible for energy audits. There is a hospital in Culbertson that is all electric and they can't see any benefits.

SENATOR ZOOK asked if the energy audits that MPC and MDU provide are only done in their service areas. **SENATOR MCCARTHY** responded that there is a rotation on it.

Vote: Motion **carried 7-3 with Ellis, McNutt, and Zook voting no.**
SENATOR HALLIGAN was excused.

SENATOR JOHNSON complimented the PSC on taking action on looking into the section of the law that would allow to carry the current cost based contract on.

SENATOR TAYLOR questioned when the transition period would end. **Mr. Anderson** proclaimed that, under current law, the transition period will end on July 1, 2002, extendable by the PSC up until July 1, 2004. The PSC made a tentative conclusion that they have authority to do some price regulating through the transition period.

SENATOR ELLIS wondered if that decision was challenged in court, how much time it would entail. **Mr. Anderson** simply stated that it could get messy and take a long time. **SENATOR ELLIS** pressed for what court the case would be challenged in. **Mr. Anderson** declared that it would likely be challenged in a district court.

SENATOR ZOOK implored whether the PSC's action was unanimous. **Mr. Anderson** explained that it was a 3-2 vote.

ADJOURNMENT

Adjournment: 3:55 P.M.

SEN. MACK COLE, Chairman

MISTI PILSTER, Secretary

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EXHIBIT (ens59aad)